

**BOARD OF INVESTMENT TRUSTEES  
MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS**

**MINUTES – OPEN SESSION**

March 5, 2004

11 North Washington Street, Suite 250  
Rockville, Maryland

Board Members Present:           Stephen Farber, Chair  
  Arthur Spengler, Vice-Chair  
  Mark Barnard  
  Tim Firestine  
  Sharon Cayelli  
  John Sparks  
  Joseph Adler  
  Sandra Kaiser

Staff:                                 Linda Herman, Acting Executive Director

Others Present:                   Mark Brubaker, Wilshire Associates  
  Connie Donovan, General Counsel to the Board

***CALL TO ORDER***

Mr. Farber called the open session of the Board to order at 11:10 a.m.

***APPROVAL OF MINUTES***

The Board unanimously approved the minutes of the December 5, 2003 open session.

***FUND PERFORMANCE REVIEW AND INVESTMENT OUTLOOK***

Mr. Brubaker discussed the performance of the Employees' Retirement System as of December 31, 2003 and noted the total fund performance ranked at the 10<sup>th</sup> percentile when compared to Wilshire's Public Fund Universe. The fund's outperformance was attributed to the strong performance of the international and emerging markets.

***INVESTMENT COMMITTEE REPORT***

Mr. Barnard discussed the Investment Committee Report.

**Adams Street & HarbourVest:** Ms. Herman updated the Board on the completion of contract negotiations with Adams Street (2004 funding) and HarbourVest.

**Retirement Savings Plan – Annuity Option:** Ms. Herman discussed the Board's role in selecting an annuity provider for participants who elect to receive their retirement benefit distribution in the form of an annuity. The Board discussed the "annuity shopping service" offered by Fidelity Investments. The Board approved the following resolution:

**0403-03    Resolved, That the Board approves, after a due diligence review of the insurance providers, using the Fidelity annuity shopping service when RSP participants select the annuity distribution option offered under the Plan .**

***ADMINISTRATIVE COMMITTEE REPORT***

Mr. Firestine presented to the Board the report of Administrative Committee activities.

**Due Diligence/Continuing Education Report:** Mr. Firestine presented the quarterly report of due diligence and education expenses as of December 31, 2003, noting there were no new requests for the next quarter. The Board accepted the report as presented.

**Estimated FY 2004 & FY 2005 Budgets:** Ms. Herman presented the annual budget for the three retirement plans. She noted that only minor changes had been made to projections for administrative costs and investment income since the preliminary budgets were presented to the Board at the December meeting. The Board recommended the following resolution:

**0403-04    Resolved, That the Board approves Board-related expenses associated with the ERS, RSP and Deferred Compensation budgets for FY 05.**

**Annual Report:** Ms. Herman presented the Board's annual report on the investment programs of the retirement plans. The report was designed to inform the plan participants of the Board's role in structuring the investment programs. After recommending changes to the report, the Board approved the modified report being distributed to all plan participants.

**Montgomery Measures Up:** Ms. Herman discussed the draft reports to be included for each plan in the County's publication, Montgomery Measures Up. After minor edits, the Board approved the performance measures.

**Special Resolutions:** The Board reaffirmed the following special resolutions:

#0401-1 - FY 04 Budget re-allocation from salaries and wages to outside legal services related to HarbourVest

The resolution was approved by all Board members.

***OTHER BUSINESS:***

The Board discussed items on the workplan recommending no changes.

There being no further business of the Board, the open meeting session was adjourned at 12:00 p.m. The Board moved into executive session to discuss a personnel matter.

Respectfully submitted,

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Sandra P. Kaiser, Secretary